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UNITED STATES DEPARTMENT OF AGRICULTURE
Federal Extension Service
Washington 25, D. C.

August 10, 1956

TO EXTENSION ECONOMISTS IN COTTON PRODUCING STATES

Subject: Cotton

At the meeting in Memphis July 19 and 20 under the auspices of the National Cotton Council, it was agreed that we would send you up-to-date information you will likely need for use in the educational work that was envisioned. The Cotton Council and all of the agencies in the Department that are concerned have been very cooperative and helpful to us in rounding up the information that follows.

Record Carryover and Supply

On August 8 the Crop Reporting Board announced an indicated 1956 cotton crop of 13.4 million running bales. This was based on indications as to the condition of the crop on August 1. It assumed abandonment of 435,000 acres of the estimated 16,962,000 acres in cultivation on July 1, and destruction of an additional 750,000 acres after July 1 in compliance with acreage allotments and in performance of Soil Bank agreements. Added to a record carryover (indicated at 14.7 million bales as of August 1), this crop will, if it materializes, result in a total supply of slightly over 28 million bales. This would be the second consecutive record total supply. These estimates are shown in their relation to cotton history of the last 10 years in table 1, attached.

Sources of Information

County agents will doubtless be asked many questions about the cotton situation during and following county and local meetings at which the Cotton Council's film is shown and copies of its bulletin "Price and the Future of U. S. Cotton" are distributed. If these meetings and the Cotton Council's materials are to be of maximum value as parts of an educational effort such as was envisioned at Memphis, it seems important that county agents be equipped to find answers to relevant questions. We would make two suggestions.

First, you may want to prepare a rundown on the cotton situation for county agents, as John McHaney, Texas, did in the current issue of "Economic Facts and Opinions Relative to Texas Agriculture". We were flattered that John used a great deal of the data in Report No. 5D (on cotton) in the "FES Program Projection Series". If you do not have a copy, you may wish to write John for one. He is Extension Economist Department of Agricultural Economics and Rural Sociology, A & M College of Texas, College Station, Texas.

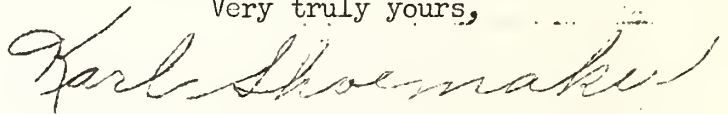
Second, we would suggest that you advise county agents in cotton counties who do not study "The Cotton Situation", published by the Agricultural Marketing Service, to get their names on the mailing list and study the current issue (dated July 27) thoroughly. To get copies of this and earlier issues and have their names

placed on the mailing list for future issues, we would suggest that they write to Marketing Information Division, Agricultural Marketing Service, U. S. Department of Agriculture, Washington 25, D. C. An August issue will be published late in the month, and the next issue after August will be published in November. We imagine they will be particularly interested in the comment in the July 27 issue (on pages 7-12) on the cotton export situation, program, and prospects. We were especially interested in the comment, on pages 7 and 9, on several of the factors that affect exports. In this connection, we are sure you will find it of interest to watch the volume of sales for export and to watch for changes in prices of rayon and cotton in foreign markets. It would seem that much depends on whether there is a downward adjustment of rayon prices in foreign markets, and on whether other cotton-producing countries lower the export prices of their cotton in response to the U.S.D.A.'s new program of sales for export from CCC stocks on a competitive bid basis at lower prices. "Foreign Crops and Markets" published by the Foreign Agricultural Service is a good place to look for information on such price movements. If you do not already receive it you may write to the Cotton Division, FAS, for recent issues on cotton, and request them to place your name on the mailing list for future issues. The Cotton Division also publishes, occasionally, a "Foreign Agricultural Circular" containing information relative to the cotton export situation -- including data on foreign prices, stocks, and production prospects. You may want to ask them to place your name on their mailing list for these, if you do not have ready access to them. The ones coming out this fall will be of special interest.

Consumption of Cotton

Please find attached as table 2, data from the Cotton Council on quantities of cotton consumed by three major end-use categories. Preliminary estimates of consumption in 1954 and 1955 indicate little change in the last three years. As compared with prewar, substantially more cotton went into apparel and household uses, and substantially less into industrial uses.

Very truly yours,



Karl Shoemaker, Chief
General Economics and
Rural Sociology Branch
Division of Agricultural
Economics Programs



E. P. Callahan, Extension Economist
Farm Management and Production
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TABLE 1.
COTTON PRODUCTION, STOCKS, SUPPLY, CONSUMPTION, EXPORTS, PRICES, AND
LOAN RATES, UNITED STATES, 1946-56.

Year Beginning Aug	Acres Harvested, Millions	Yield per acre, pounds	Produc- tion(1)	Carry- over end of season(1)	Total (1) Supply(2)	Domestic Consumption(1)	Exports(1)	Total(1)	Change in carry- over(1)(2)	Farm price, all kinds cents	Loan rate, middling 15/16"(4)
1946	17.6	236	8.5	2.5	16.2	10.0	3.5	13.5	-4.8	32.6	24.4
1947	21.3	267	11.6	3.0	14.4	9.4	2.0	11.4	+0.5	31.9	27.9
1948	22.9	311	14.6	5.3	17.9	7.8	4.7	12.5	+2.3	30.3	30.7
1949	27.4	282	15.9	6.8	21.5	8.8	55.8	14.6	+1.5	28.6	29.4
1950	17.8	269	9.9	2.3	16.9	10.5	4.1	14.6	-4.5	40.0	29.5
1951	27.0	269	15.1	22.8	17.4	9.2	5.5	14.7	+0.5	37.9	31.7
1952	25.9	280	15.0	5.6	18.1	9.5	3.0	12.5	+2.8	34.6	32.0
1953	24.3	324	16.3	9.7	22.1	8.6	3.7	12.3	+4.1	32.3	32.7
1954	19.3	341	13.6	11.2	23.5	8.8	33.5	12.3	+1.4	33.6	33.2
1955	16.9	416	14.5	14.6(5)	25.9	9.2	2.1	11.3	+3.4	(8)	33.5
1956	15.8(6)	412(6)	13.4(6)		28+(7)			13+(7)			31.6

(1) In millions of running bales.

(2) Production plus carryover at end of previous season plus "city crop" plus imports. "City crop" consists of re-baled samples and pickings from cotton damaged by weather and fire.

(3) Not always exactly equal to production minus disappearance, because of imports, rounding of figures, and city crop.
(4) At average location.

(5) Preliminary.

(6) Based on indications as of Aug. 1. Assumes average abandonment, and destruction of some 750,000 additional acres after July 1 in performance of Soil Bank agreements and in compliance with allotments.

(7) Tentative forecast.

(8) Not yet available.

Data are from the Agricultural Marketing Service and the Crop Reporting Board, U.S.D.A.

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TABLE 2 --- COTTON: Quantities consumed by category of use, 1939-55

Year	Quantity ^{1/}			Percentage distribution			
	Apparel	Household	Industrial	Total	Apparel	Household	Industrial
	1,000 bales	1,000 bales	1,000 bales	1,000 bales	Percent	Percent	Percent
1939	2,276	1,638	2,440	6,354	36	26	38
1940	2,143	1,827	2,639	6,609	32	28	40
1941	2,526	1,958	3,361	7,845	32	25	43
1942	2,346	1,748	3,173	7,267	32	24	44
1943	2,807	1,575	3,347	7,729	36	21	43
1944	2,630	1,401	3,167	7,198	37	19	44
1945	2,430	1,317	3,036	6,783	36	19	45
1946	2,414	1,748	3,051	7,213	34	24	42
1947	2,740	2,288	2,935	7,963	34	29	37
1948	2,741	2,255	2,739	7,735	36	29	35
1949	2,749	2,116	2,446	7,311	38	29	33
1950	3,122	2,655	2,687	8,464	37	31	32
1951	3,008	2,600	2,611	8,219	36	32	32
1952	3,220	2,650	2,190	8,060	40	33	27
1953	3,421	2,772	1,941	8,134	42	34	24
1954	3,295	2,728	1,823	7,846	42	35	23
1955	3,540	2,734	1,954	8,228	43	33	24

^{1/} These estimates do not account fully for the total consumption of cotton as reported by the Bureau of the Census. Generally less than 30 percent of the reported total was not covered, part of which presumably was exported as finished or semifinished products.

^{2/} Preliminary.

Data are from the National Cotton Council of America.

